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INDEX:

- (1) US diplomat visits Nemuro to have firsthand look at Japan-Russia relations
- (2) Government, ruling coalition submit defense ministry bill to Diet to demonstrate their eagerness to settle outstanding bills; Next extraordinary Diet session holds key
- (3) Spydrone: Pie in the sky?
- (4) LDP to enter home-stretch coordination on spending cuts, plans to include elastic clause in response to criticism in party

ARTICLES:

- (1) US diplomat visits Nemuro to have firsthand look at Japan-Russia relations

YOMIURI (Page 31) (Full)  
June 9, 2006

A diplomat from the US Embassy in Japan visited Nemuro City on June 7 in order to have a firsthand look at Japan-Russia relations, including the issue of the (Russian-held) Northern Territories.

The diplomat is Kathleen Szpila (second secretary) in the political section of the embassy in Tokyo. Szpila made a tour of the city hall, the Nemuro Chamber of Commerce and Industry, and Cape Nosappu. She looked at some of the Northern Islands from the

cape and also met with islanders at Chishima Hall. She eagerly asked questions about the issue of the northern islands and relations between Japan or Nemuro and Russia.

At the city hall, Szpila received explanations about the brief profile of the city, the history and background of the territorial issue, and exchanges with the four Northern Islands from administrative department head Masatoshi Ishigaki on behalf of the mayor and the deputy mayor, who were out of town on business. When she visited Cape Nosappu, it was unfortunately cloudy, but she enjoyed looking at the barely visible shape of Suisho Island. At Northern Hall, Szpila, while going over through documents on relations between Japan and Russia over the Northern Territories, earnestly listened to an explanation from Hall Director Takashi Yonetani.

Szpila stated:

"When I thought I would like to look at relations between Japan and Russia from a local level ahead of the upcoming G-8 summit, Hokkaido came across my mind immediately. ... I visited here for the first time, but it was significant for me because I was able to listen to the views of local residents. I would like to convey my experience to the members of the political section in the embassy."

(2) Government, ruling coalition submit defense ministry bill to Diet to demonstrate their eagerness to settle outstanding bills;  
Next extraordinary Diet session holds key

YOMIURI (Page 4) (Abridged)  
June 10, 2006

TOKYO 00003228 002 OF 006

On June 9, the government and the ruling coalition submitted to the ongoing Diet session a bill to upgrade the Defense Agency to ministry status, though knowing its slim chance of clearing the Diet. With the heads of the Liberal Democratic Party and the New Komeito scheduled to step down in the fall, the bill's submission reflects the two parties' eagerness to settle outstanding bills under the current leadership. Although the government and the ruling coalition intend to aim for the bill's enactment in the next extraordinary Diet session, the opposition camp is determined to block it. The fate of the "defense ministry bill," along with other important bills that are likely to be carried over to the next Diet session, remains unclear.

Next year's election a concern

Asked by a reporter about the significance of cabinet approval of the "defense ministry bill," Prime Minister Junichiro Koizumi said on June 9: "It was a long-standing issue. Thanks to the New Komeito's cooperation, at long last we were able to submit it to the Diet following cabinet endorsement. I am certain that the bill's presentation at this point will lead to good results in the next Diet session."

The LDP's strong desire to quickly realize a defense ministry coincided with the New Komeito's wish to speedily settle the issue in order to minimize the bill's negative impact on the unified local elections and the Upper House election next year.

Last November, the New Komeito came up with a policy to enact the defense ministry bill in this year's regular Diet session, reversing its previous heel-dragging stance. The about-face reflected a growing sense of urgency in the New Komeito that a different approach to national security would rock the foundation of the coalition with the LDP, which had just achieved a landslide victory in the Lower House election. The New Komeito also wants to pave the way for settling outstanding issues under its current leadership, who will retire in October.

The New Komeito leadership was more attentive to siding with the LDP than to hearing objections in the party and its support base. Some New Komeito members voiced objections to raising the Defense

Agency to ministry status even at the June 8 Policy Research Council meeting that endorsed the bill. In an effort to dispel concerns associated with the defense ministry legislation, New Komeito Representative Takenori Kanzaki listed three conditions: 1) the Self-Defense Forces must strictly adhere to Article 9 of the Constitution when conducting activities; 2) the right to collective self-defense must not be exercised; and 3) defense spending must not be bloated.

The LDP was eager from early on to turn the Defense Agency into a defense ministry when highly popular Prime Minister Koizumi is in office. But the New Komeito hardened its stance following the revelation of a bid-rigging scandal involving the Defense Facilities Administration Agency. The LDP patiently waited for the New Komeito to soften its stance until now, days before the adjournment of the ongoing Diet session.

Contrary to calculation by defense ministry advocates, Prime Minister Koizumi also adamantly refused to extend the ongoing Diet session.

TOKYO 00003228 003 OF 006

Advocates are bent on getting the defense ministry bill approved in the next extraordinary Diet session.

Important bills carried over to next Diet session; Order of importance not clear

Diet approval may slip to after Upper House session

A gloomy outlook also hangs over the passage of the defense ministry bill.

In addition to the defense ministry legislation, a number of important bills are likely to be carried over to the next extra Diet session, such as a bill to amend the Fundamental Law of Education and a national referendum bill stipulating a set of procedures required for amending the Constitution. The order of importance of bills and the period of the next extra Diet session are unclear, which will be the first Diet session under the successor to Koizumi.

Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama said in a press conference on June 9: "Nobody has taken responsibility for the bid-rigging scandal involving the DFAA. The stage has not been set to make the Defense Agency into a defense ministry."

A Defense Agency official expressed hope for upgrading the agency to ministry status in the current fiscal year. One opinion also being heard in the New Komeito is that Diet approval should wait until after the unified local elections and the Upper House elections so as not to taint the party's image.

(3) Spydrone: Pie in the sky?

SANKEI (Page 4) (Full)  
June 9, 2006

The Defense Agency has studied the feasibility of introducing unmanned reconnaissance aircraft. This spydrone initiative, however, is now up in the air. Unmanned aircraft reconnaissance is one of the areas specified for Japan's cooperation on the planned realignment of US forces in Japan. The agency has already set forth a plan to introduce a US skybird model for spying missions with its next fiscal year budget. The initiative, in a way, is a commitment to the United States. The agency's bureaucrats have their own operational plans for unmanned reconnaissance activities. However, the Self-Defense Forces' uniformed staffs are raising objections to such civilian plans. Some in the agency are now beginning again to insist on the option of developing an indigenous model of Japan's own. The agency's feasibility study is now about to collapse.

In January this year, Defense Agency Director General Fukushima

Nukaga visited the United States. On his way to the United States, Nukaga stopped over in Britain, where he announced the idea of introducing US unmanned reconnaissance aircraft. In October last year, the Japanese and US governments released an interim report of their talks over the US military realignment, incorporating their agreements on specific realignment plans. The interim report also specified unmanned reconnaissance activities for bilateral defense cooperation to be strengthened.

The planned spydrone is of high-altitude, long-endurance

TOKYO 00003228 004 OF 006

airworthiness for flight missions in the skies above the altitude of commercial jet airliners. The Defense Agency plans to introduce this robot spydrone in order to: 1) detect North Korea's ballistic missile launches; 2) conduct warning and surveillance activities in waters around Japan, such as spotting and tracking unidentified vessels; 3) grasp the movements of enemy troops in their incursions on Japan's outlying islands; and 4) gather intelligence in the event of natural disasters.

In fiscal 2003, the Defense Agency began to study the feasibility of developing a robot scouting plane of Japan's own. However, it will take more than 10 years to deploy the first indigenous one. Given the threat of North Korea's ballistic missiles, the agency plans to introduce an actually operational model from the United States for early deployment. For another, the US government has urged Japan to buy a US model, according to an SDF brass officer.

The candidates have now been narrowed down to two US models. One is the Global Hawk, which can fly at altitudes up to 20 kilometers for as long as 35 hours. The other model is the Predator, which can fly at altitudes up to 14 kilometers and is durable for 40 hours in the skies. The Global Hawk is priced at approximately 6.4 billion yen, and the Predator at about 1.4-1.8 billion yen.

The Defense Agency's civilian officials have worked out operational plans for unmanned reconnaissance activities. In that process, however, the SDF brass raised strong objections to the agency's plans.

First of all, SDF officers wondered if a robot plane would be effective enough to detect a ballistic missile. At present, Japan depends on US early warning satellites for detection in boost phase. However, Defense Agency bureaucrats stressed that Japan, if it has a drone, would be able to conduct intelligence-gathering activities in its own way. In concrete terms, an unmanned plane-which is loaded with a synthetic aperture radar system and a high-performance sensor like reconnaissance satellites-will fly over the Sea of Japan. The aircraft will photograph missile sites in North Korea, and its infrared sensor can detect heat that is given off when a missile is launched, according to agency officials.

"It's possible to photograph crossly," said one SDF officer. "But," he added, "the aircraft has to get close to North Korea's territorial airspace, or you can't get a clear-cut image." His rebuttal went on: "It's difficult to do so in the skies over international waters."

The unmanned airplane is also supposed to spot and track suspicious ships at sea. This airborne scouting task, however, overlaps with P-3C patrol aircraft missions. For this reason, the Maritime Self-Defense Force, now developing a follow-on model (PX) to replace the P-3C, is angry, thinking its PX project could be junked. The MSDF has even boycotted a meeting with the Defense Agency's bureaucracy, according to one MSDF officer.

The government has cut down on defense spending over the past four years. Meanwhile, the unmanned aircraft's cost efficiency is foggy, according to one MSDF staff officer. The MSDF therefore does not want its manpower and hardware acquisition affected as a result of introducing the unmanned aircraft. As it stands, the three SDF branches are all reluctant to undertake the unmanned

scouting task, according to a senior official of the Defense Agency. Another official said, "The government has already spent more than 2 billion yen to develop Japan's own model, so Japan should go on with its own development project."

The Japanese and US governments will shortly hold a working-level meeting of senior officials to talk about reconnaissance activities. However, the government will likely forego its planned acquisition of the skybird for next fiscal year.

(4) LDP to enter home-stretch coordination on spending cuts, plans to include elastic clause in response to criticism in party

NIHON KEIZAI (Page 2) (Full)  
June 12, 2006

The Liberal Democratic Party (LDP) starts last-minute negotiations today to draft a plan for spending cuts. The party leadership would like to win understanding from party members by setting up an elastic clause to enable the government to review its reforms in accordance with changes in the economic situation. With an eye on the House of Councillors election next summer, though, some LDP members have strongly reacted to future spending cuts for public works projects and social insurance. It remains to be seen to what extent the LDP will be able to reduce expenditures.

Up to 13 trillion yen in spending cuts

The government and the ruling coalition will hold working-level talks of the Fiscal and Economic Reform Conference this morning. The participants will set about 15.5 trillion yen as the amount of fiscal resources necessary to turn the primary budget into the black by fiscal 2011. To achieve this goal, the panel plans to reduce spending by up to 13 trillion yen.

In the LDP, too, the spending reform project team, chaired by Policy Research Council Chairman Hidenao Nakagawa, and the budget division held a joint meeting this afternoon to discuss an interim plan drafted by the project team. The plan lists sector-specific items up for spending cuts, and the proposed measures are all implemented, the government's initially projected revenues needed for policy-related expenditures will be slashed by about 13 trillion yen.

Upper House Secretary General Toranosuke Katayama, however, criticized the plan in a press conference on June 9: "It is a mistake to feel satisfied about piling up numbers like a house of cards." In an informal meeting with construction-related associations on June 7, Upper House LDP caucus head Mikio Aoki also emphatically said that public works spending "should not be slashed every year."

Upper House election kept in mind

On the ballot in the Upper House election next summer will be those who were elected in the 2001 election, helped by the Koizumi boom. Upper House LDP members anticipate that the election will be a hard battle for the LDP. In a move to find ways to regain organized support, they are cautious about spending cuts. A senior Upper House caucus member categorically said: "We will oppose" the spending-cut plan now under consideration.

TOKYO 00003228 006 OF 006

Floating under such circumstances is an idea of incorporating an elastic clause in the plan. Since such rules are not included in the Fiscal Structural Reform Law, enacted in 1997, the government was unable to flexibly respond to an economic stagnation, so it had to freeze the law. Reflecting on this experience, State Minister in Charge of Economic and Fiscal Policy Kaoru Yosano and Nakagawa, who were engaged in enacting the law, are reportedly

positive about including an elastic clause.

In reforming spending and revenue, it will become necessary to increase tax revenues to cover the portion worked out by deducing the amount of spending cuts from the 15.5 trillion yen in revenue shortage. Based on the perception that "thoroughly reducing spending is indispensable in order to minimize an increase in the burden on the public," Nakagawa and other officials intend to give priority to securing major spending cuts.

SCHIEFFER